otherwise. As per the available information, the quantity of narcotic drugs seized in Bombay during 1992 and 1993 is as under:—

Name of Drug	1992 (Kgs.)	1993 (Kgs)
Opium	53.260	1.000
Morphine	..	..
Heroin	816.126	59.554
Ganja	7911.032	445.500
Heshish	1306.720	1846.960
Cocaine	..	0.210
Methaqualone	6755.750	8918.800

No precise valuation of narcotic drugs, which are often of indeterminate strength and composition and are liable for destruction, is feasible.

(c) It may be in the interest of enforcement work to release the names of identified narcotics operators and their associaties within the country or outside.

(d) Instructions have been issued to all enforcement agencies to maintain the utmost vigil and step up enforcement efforts under the stringent provisions contained in the NDPS Act. Training is being imparted to officers to improve their effectiveness. Vehicles and communication equipments have been provided. A part of Indo-Pak border has been fenced.

Guidelines issued by RBI

939. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the RBI issued detailed guidelines containing prudential norms for non-banning financial companies and residuary non-banking companies; and

(b) if so, what are the salient features of the guidelines issued by the RBI and in which way it is going to bring about discipline in the banking sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Reserve Bank of India (RBI) have intimated that they have issued guidelines containing prudential norms for non-banking financial companies and residuary non-banking companies which have net owned funds of Rs. 50 lakhs and above and are registered with RBI. The guidelines, the salient features of which are given in the Statement, are aimed at instilling greater public confidence, ensuring safety and soundness of the financial system bringing about greater transparency and accountability in operations and encouraging increased resource mobilisation within the economy.

Statement

Salient features of the guidelines on prudential norms

1. *Reckoming of income and NPAs....*

Income past due but not received within a period of six months is not

to be booked till such time such income is actually received. Assets are required to be classified as non-performing assets (NPA) based on recovery record. If payment of principal|instalments is past due but not received within a period of six months, such loans or advances are to be classified as NPAs. All accounting standards and guidance notes issued by the Institute of Chartered Accountants of India dealing with lease accounting depreciation, etc. may be followed.

2. *Accounting procedure for investments*

Investments are to be classified into two categories—long term investments and current investments. Current investments are those which are readily realisable and are intended to be held for not more than one year from the date of investments, long term investments are not current investments. While long term investments are to be valued at cost, current investments are to be valued at the lower of cost and market value.

3. Classified of assets and provisioning

Assets are to be classified into four categories—(i) standard assets, (ii) sub-standard assets, (iii) doubtful assets and (iv) loss assets. Provisioning norms for bad and doubtful debts have been prescribed for the last three categories of assets. Risk weights on the on-balance sheet assets and credit conversion factors for off-balance sheet items of exposures have also been prescribed.

While cash, bank balances and investments in government and approved securities have been given 'zero' weightage, the other assets have been given weightage of 100. The off-balance sheet items of exposures carry credit conversion factors ranging from 50 to 100 percent.

4. *Capital adequacy ratio*

The registered financial companies have been asked to attain capital adequacy ratio of six percent based on thhe risk weighted assets and conversion of off-balance sheet exposures by March 31, 1995 and eight percent by March 31, 1996.

5. *Composition of capital*

Capital will be divided into two tiers, Tier I will consist of paid-up equity capital and free reserves. Tier II capital will consist of preference shares, revaluation reserves, general provisions and loss reserves in excess of the required amounts and hybrid debt capital instruments subordinated debts, if any. Tier II capital is not to exceed Tier I capital. While arriving at Tier I capital, investments and loans and advances in subsidiaries and companies in the same group and other non-banking financial companies in excess of ten percent of the owned fund of the registered financial companies will be deducted.

6. *Concentration of credit/investments*

The registered financial companies should not lend more than fifteen percent of their net owned fund to any single party or twenty-five percent of their net owned fund to a single group of parties. Excess if any, over these limits should be brought down in the course of repayment of the dues, as scheduled. A financial company should not invest more than twenty-five percent of its owned funds in shares and debentures of another company. Keeping in mind the attendance risks in regard to investments in companies belonging to a group or in a particular industry, the financial companies should endeavour to diversify the portfolio.

7. *Reporting compliance*

With a view to ensure compliance by registered financial companies

with prudential norms, a reporting format has been prescribed by Reserve Bank of India which is to be submitted to RBI at the end of September and March every year together with auditor's certificate.

8. *Credit rating*

A system of compulsory credit rating for the registered financial companies in a phased manner has also been introduced. The companies have been advised to get the first rating by March 31, 1995 and submit it along with the relevant half-yearly return. A fresh rating is to be obtained at least once every year. Companies with net owned fund below Rs. 2 crore have, however, been given the option to get the rating latest by March 31, 1996.

Imposition of tax on tobacco in Uttar Pradesh

940. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the fact that thousands of cigarette manufacturing units in Uttar Pradesh have been closed due to 15 percent luxury tax on tobacco imposed by Government thereby rendering lakhs of traders and retailers deprived of their livelihood; and

(b) if so, whether Government propose to reconsider the imposition of tax on this item to save the small units in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) No, Sir.

(b) The luxury tax has been levied by the State Government and only they are competent to reconsider its imposition. However, the Finance Minister has requested the Chief Ministers of the States who have imposed such a levy to reconsider their decision.

International development Association investment operations

941. SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:
SHRIMATI VEENA VERMA:
SHRI RAJUBHAI A. PARMAR:
SHRI RAJNI RANJAN SAHU:

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has agreed to lend a sum of $ 3.5 billion under a 3 year programmes involving International Development Association Investment Operations;

(b) if so, what are the details of the programme; and

(c) the steps taken or being taken to implement the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The International Development Association is expected to provide about US $ 3.5 billion to India over the Bank fiscal year 1995—97 for the development of Key Social Sector Programmes including Primary Education, Family Welfare, Nutrition, Endemic disease control and Rural Works Programmes targetted on Poverty areas. The lending programmes would involve about 20 IDA investment lending operations in pursuit of Poverty alleviation, human resources development and environmentally sustainable development. Implementation of the programmes would commence after the investment operations have been firmed up and agreement signed with Government of India.